

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 677 (Delegate Glass, *et al.*)
Environmental Matters

Vehicle Emissions Inspection Program - Request for Exhaust Emissions Test After Failing On-Board Diagnostics Test

This bill requires a vehicle emissions inspection facility to immediately conduct a test of a vehicle's exhaust emissions free of charge if the vehicle fails an on-board diagnostic (OBD) test. If the vehicle passes the subsequent exhaust test, the vehicle must be deemed to be in compliance with the vehicle's emissions standards. The bill defines an OBD test as a test to determine, by connecting a scan tool into a vehicle's OBD system, whether a vehicle's emissions control components are functioning properly.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase significantly – by as much as \$12.2 million – in FY 2015 to the extent that the Motor Vehicle Administration (MVA) is required to retrofit each Vehicle Emissions Inspection Program (VEIP) station with the equipment needed to implement alternative emissions tests and inspections as discussed below. The bill likely necessitates an increase in the management fee for operation of the VEIP program; thus, TTF costs increase further. Federal fund revenues decrease significantly for the Maryland Department of Transportation (MDOT) and/or the Maryland Department of the Environment (MDE) beginning in FY 2015 to the extent that federal funds are withheld or sanctions imposed for violations of the federal Clean Air Act. General and special fund expenditures increase in FY 2015 for MDE for contractual assistance from a consultant with expertise in the development of new emissions inspection standards based on the idle test.

Local Effect: The bill is not anticipated to materially affect local operations or finances.

Small Business Effect: Minimal.

Analysis

Current Law/Background: In response to requirements of the federal Clean Air Act, Maryland has operated VEIP in various parts of the State since 1984. All model year 1977 and newer vehicles in the State, unless specifically exempt, must be inspected and tested every two years. MVA and MDE must set the VEIP fee for each vehicle to be inspected and tested, which may not exceed \$14. The current fee is \$14.

State VEIP regulations require the following tests for the following vehicles:

- an idle exhaust emissions test, catalytic converter check, and gas cap leak test for vehicles of model year 1977 through 1995 that are 8,500 pounds or less;
- an OBD test for vehicles of model year 1996 and newer that are 8,500 pounds or less;
- an idle exhaust emissions test, catalytic converter check, and gas cap leak test for vehicles of model year 1977 through 2007 that are between 8,500 pounds and 14,000 pounds;
- an OBD test for vehicles of model year 2008 or newer that are between 8,500 pounds and 14,000 pounds; and
- an idle exhaust emissions test, catalytic converter check, and gas cap leak test for vehicles of model year 1977 or newer that are between 14,001 and 26,000 pounds.

An OBD system is defined by State regulations as an emissions control diagnostics system installed on a vehicle as required by the Clean Air Act, which identifies deterioration or malfunction of vehicle systems and stores the information for retrieval. According to MDE, the OBD system is a critical part of a vehicle's emissions control system that monitors virtually every component of a vehicle that affects emissions performance. The check engine light is activated when the OBD system detects a malfunctioning part that affects emissions. For this reason, federal law requires that, when the "check engine" light is illuminated, repairs must be completed.

MDE has advised that no feasible alternative test to the OBD is appropriate for today's vehicle technology or sensitive enough to accurately measure emissions levels as low as exist on modern vehicles. One alternative test that had been previously used in the VEIP program was the dynamometer test. However, the dynamometers have all been removed from VEIP stations and disposed of in the transition to using OBD tests. The exhaust emissions test is another alternative test that has been used and which is still in use for older vehicles, but which is not accurate enough to be appropriate for more modern vehicles.

MVA advises that VEIP currently has 81 lanes and 106 testing units in 18 sites around the State. MDE advises that, in the most recent two-year cycle of VEIP tests, OBD tests were conducted on about 2.9 million vehicles, of which about 220,300 (7.6%) failed the test.

State Expenditures: MVA and MDE advise that the bill requires the installation of capital equipment at each of the 18 VEIP stations in the State and an increase in the annual management fees paid to the VEIP operating vendor.

According to MVA, the cost to install a four-wheel-drive dynamometer and component emissions analyzer, including equipment costs and installation and permitting services is roughly \$650,000 per site, or about \$11.7 million for all 18 VEIP stations. Additionally, software development and integration is estimated to cost about \$500,000. Therefore, the total capital costs of installing a previously used alternative test and inspection method is about \$12.2 million in fiscal 2015.

MVA advises that the current management fee for the vendor that operates the VEIP program needs to be adjusted based on the additional test and inspection parameters. The vendor estimated an additional charge of about \$3 million annually, or about \$2.25 million in fiscal 2015, which accounts for the bill's effective date.

The Department of Legislative Services advises that this estimate is based on the installation of a dynamometer test and inspection process at all 18 VEIP stations (one set of testing equipment at each station). It is unclear to what extent other alternative tests or inspection methods may be available to implement the bill in fiscal 2015 or future years, potentially at a lower cost.

MDE advises that, if it were also necessary to ensure that the vehicle idle test could serve as part of the alternative test and inspection process under the bill, MDE would need to contract with an outside consultant with expertise in the development of new emissions inspection standards. Thus, general and/or special fund expenditures may increase further.

Federal regulations require OBD testing as part of the prescribed sequence of emissions inspection testing. MDE advises that, if an exhaust emissions test were allowed to override the failure of an OBD test, the exhaust test would circumvent the required testing procedures and violate federal law and jeopardize the receipt of federal funds.

MVA also advises that, based on the population of older vehicles that currently undergo an exhaust emission test, expanding the use of the exhaust test to any vehicle that fails the OBD test is likely to cause an increase in vehicle wait times at VEIP stations of more than 15 minutes.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of the Environment, Department of State Police, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - February 12, 2014
ncs/ljm

Analysis by: Evan M. Isaacson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510